

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1258 - SB 1124

March 17, 2017

SUMMARY OF BILL: Beginning with the 2017-2018 school year, prohibits any local education agency (LEA) from closing a school. Excludes schools slated to close prior to July 1, 2017, from the proposed prohibition. Requires the Comptroller of the Treasury (COT), Office of Research and Education Accountability (OREA), to study the impact of a school closing within a community.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$32,000*

Assumptions:

- No change to the Basic Education Program (BEP) funding formula.
- Based on information from the COT, the fiscal impact of conducting the impact study required by the legislation is estimated to be not significant.
- Students at otherwise closed schools will remain at a school within the LEA; therefore the average daily membership within the LEA will remain unchanged, and the BEP local match requirement for the LEA will remain unchanged.
- Based on information from the Department of Education, the average per pupil funding contribution by LEAs that is over and above the minimum required BEP local match is \$1,279.
- In the absence of the legislation, LEAs could potentially combine multiple schools into one school. Assuming at least 500 students attend the otherwise closed school, the LEA is estimated to save at least five percent of its total spending contribution that is above the required BEP local match.
- It is assumed that at least one school will remain open each year as a direct result of this legislation that would otherwise close under current law.
- Because cost savings are expected to accrue under current law to any local government entity that closes a school, there would be a mandatory increase in local expenditures to the LEA, if the LEA was required to keep the school open and operating pursuant to the provisions of this legislation.
- The mandatory increase in local expenditures is estimated to exceed \$31,975 (1 minimum school x 500 students x \$1,279 x 5.0%).

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive style with a large, stylized "K" and "L".

Krista M. Lee, Executive Director

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